STAND. COM. REP. NO. 2412

Honolulu, Hawaii

MAR 2 0 2014

RE: H.B. No. 2169 H.D. 1

Honorable Donna Mercado Kim President of the Senate Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Madam:

Your Committee on Tourism, to which was referred H.B. No. 2169, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TOURISM STIMULUS INCENTIVES," begs leave to report as follows:

The purpose and intent of this measure is to provide:

- (1) Qualified employers with a non-refundable income tax credit for a percentage of wages paid to qualified employees for a period after completion of hotel and resort construction or renovation;
- (2) A general excise tax exemption for certain income from construction or renovation of a hotel or resort; and
- (3) A use tax exemption for property, services, and contracting subject to the general excise tax exemption described in paragraph (2).

Your Committee received testimony in support of this measure from the Hawaii Tourism Authority, Hawaii Lodging and Tourism Association, Wyndham Vacation Ownership, and Hawaii Regional Council on Carpenters. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that investing in Hawaii's infrastructure is critical to the State's ability to compete with



other tourist destinations. Your Committee further finds that encouraging hotel construction and renovation will generate construction and hospitality jobs throughout the State. This measure provides incentives for investment in the future of Hawaii's tourism industry and will revitalize the State's aging hotel properties.

Your Committee notes that there may be a constitutional issue if it is determined that this measure limits contract bids to construction trade unions in Hawaii.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2169, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Tourism,

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GILBERT KAHELE, Chair

The Senate Twenty-Seventh Legislature State of Hawai'i

Record of Votes Committee on Tourism TSM

Bill / Resolution No.:* HB2169 HD1	Committee Referral:			Date: 03/17/14	
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
KAHELE, Gilbert (C)		V			
KEITH-AGARAN, Gilbert S.C. (VC)					
IGE, David Y.		/			
IHARA, Jr., Les		V			
SLOM, Sam		-			
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TOTAL	-	4			1
Recommendation:		<u> </u>			
Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only one measure per Record of Votes